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25 July 1960

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DAILY BRIEF

I. THE COMMUNIST BLOC

Communist China - USSR: The Chinese Communists, whose criticism of Khrushchev's policies had been muted since early July, are renewing their attacks. Speaking to the Third Congress of Chinese writers and artists on 22 July, politburo alternate member Lu Ting-i implicitly attacked Soviet post-Stalin policies for permitting a degree of intellectual freedom which might cause bloc countries "to degenerate into capitalism." Lu insisted that Mao's "hundred flowers" campaign of 1957 was never intended to be a policv of liberalization.

Communist China - Cuba: The trade pact concluded on 23 July represents a strong Chinese effort to win diplomatic recognition from Cuba, which appears imminent, and is intended to demonstrate Peiping's willingness to back anti-US movements with considerable material support. Peiping has promised to buy at world prices up to 500,000 tons of Cuban sugar annually over the next five years-well over twice the amount of sugar normally imported from nonbloc countries by China. The trade agreement is to be followed later this year by an economic aid agreement under which Peiping is to provide industrial equipment and presumably technical assistance to Cuba.

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Approved For Refease 2002/10/21 : CIA-RDP79T00975A005200210001-0 25X 25X Malagasy Republic: Disorders with an anti-European cast erupted briefly in the capital city of Tananarive on 20-21 July, when three nationalist leaders returned from lengthy exile in France. The government of President Tsiranana has blamed "imbeciles" under foreign influence and "Communists" for the violence and has adopted strong measures to prevent a renewal of the disturbances. The Malagasy Republic, which gained its independence from France on 25 June, is governed by a moderate, pro-French regime which is expected to win the forthcoming parliamentary elections in September. Thereafter, however, the three returned exiles are likely to develop a wide following which will probably lead to a more nationalistic government. 25 July 60 DAILY BRIEF ii

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Sino-Soviet Dispute

After a three-week lull in its public dispute with Moscow, Communist China has resumed its oblique criticism of Khrushchev's policies with another attack on "modern revisionists." Peiping had evidently been persuaded, following the meeting of bloc party leaders in Bucharest in late June, to mute its open criticism in the interest of maintaining an appearance of bloc unity, but Moscow has continued on every occasion since that time to put forth arguments for detente and coexistence which the Chinese find repugnant.

Speaking at the Third National Congress of Chinese writers and artists, politburo alternate member Lu Ting-i charged that "modern revisionists, with the Tito clique as their representative," are charting domestic and foreign policies to suit the needs of "imperialism." On the matter of domestic policy, Lu stated that there should be no slackening in the political as well as ideological fields in a socialist society, and that "only through protracted and repeated struggle" will it be possible to eradicate revisionist views. The context of his remarks that bourgeois ideas could cause socialist society to degenerate into capitalism indicate they were primarily directed toward the situation in China, but they were nonetheless an oblique attack on Moscow's post-Stalin policy of permitting a degree of intellectual freedom in the USSR and other bloc countries.

Lu's comments on Mao Tse-tung's "hundred flowers" campaign were defensive in tone; he insisted that this move has been proved "completely correct" and never was intended to foster "liberalization." He argued that the campaign was not inconsistent with strong political control, whereas actually such degrees of "free speech" had been reached in 1957 that even Moscow was critical and Mao had to do a humiliating about-face and abandon the campaign.

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Chinese Communists Conclude Trade Pact With Cuba

The trade pact concluded by Peiping and Havana on 23 July represents a strong Chinese effort to win diplomatic recognition, which appears imminent, and is intended to demonstrate Peiping's willingness to back anti-US movements with considerable material support. Since the Castro takeover, Peiping has worked diligently to deepen the leftist commitment of Cuban leaders and secure its first breakthrough in diplomatic recognition by Latin America.

Under the provisional quotas of the agreement, Peiping is to take up to 500,000 tons of sugar annually during the next five years—well over twice the yearly amount normally imported from its non-bloc sources. The first 500,000 tons, however, probably includes the 130,000 tons purchased earlier this year from Havana. In return for the sugar, minerals, and other commodities, China will supply Cuba with manufactured goods and agricultural products, including rice.

In view of China's shortage of merchant ships, difficulties in the transfer of commodities—particularly sugar—may be encountered which would limit the prospects for increased trade envisaged in the new pact.

Peiping hopes to strengthen further its economic ties with the Castro regime by extending credit for Cuban economic development to Havana. A Cuban mission is to visit Peiping later in the year to conclude a credit agreement for deliveries of complete--probably small--industrial plants. This credit probably will be repaid with additional Cuban exports.

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The Chinese sugar purchases raise total bloc purchases to aboa,500,000 tons for this year, approximately half of Cuba's foreign	ut
sales. Most of the remainder has gone to the United States.	
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Disorders in the Malagasy Republic

Disorders were sparked in the capital city of Tananarive on 20 and 21 July by agitators in the crowd of 40,000 persons who gathered to welcome the return of Dr. Joseph Raseta, Dr. Joseph Ravoahangy, and Jacques Rabemananjara, leading Malagasy nationalists who had been in exile in France for their part in leading the abortive nationalist revolt in 1947. The Malagasy Council of Ministers on 22 July adopted strong measures to prevent a renewal of the disturbances, which included attacks on European property until they were quelled by prompt police action. The government blamed "imbeciles" under foreign influence and "Communists" and promised quick and severe punishment, including the expulsion of troublemakers to offshore islands.

There are no Sino-Soviet bloc diplomats in the new republic, which gained independence on 25 June. However, a Communist-front organization, the Congress party for the Independence of Madagascar (AKFM), is the leading opposition to moderate President Tsiranana, and probably was involved in the disturbances. The front organization is dominated by hard-core Communists and reportedly receives important financial and other support from the French Communist party. In municipal elections held last fall, the AKFM made a strong showing in urban areas such as Tananarive and the major French naval base at Diego-Suarez.

Parliamentary elections this September are expected to favor President Tsiranana, who will capitalize on the attainment of independence, but the three returned exiles will probably thereafter lead the opposition to Tsiranana's pro-French policies. The three have a special appeal to the Merina tribesmen in interior areas of the island who were politically dominant before the 1947 rebellion.

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